

Supreme Court of Appeal of South Africa

MEDIA STATEMENT

From: The Registrar, Supreme Court of Appeal

Date: 25 May 2011

Status: Immediate

Please note that the media summary is intended for the benefit of the media and does not form part of the judgment of the Supreme Court of Appeal.

On 25 May 2011 the Supreme Court of Appeal delivered judgment in three appeals that had their origin in the liquidation of the fraudulent Krion pyramid scheme, viz *Van Rensburg & Others NNO v Steyn*, Appeal No 66/2010, *Van Rensburg & Others v Botha*, Appeal No 758/2010 and *Zwarts v Van Rensburg & Others*, Appeal No 590/2010.

The appeals arose out of conflicting judgments in the High Courts. The issues in the appeals were, broadly:

- 1) the validity of the appointment of the liquidators to administer the consolidated insolvent estate of the scheme;
- 2) the validity of the order (made by the High Court in 2003) that consolidated the various entities under which the scheme was operated into one insolvent estate;
- 3) whether the order was binding on Messrs Steyn, Botha and Zwarts in actions brought by the liquidators under s 29 of the Insolvency Act to recover voidable dispositions;
- 4) whether the liquidators in the actions had alleged and proved that the defendants were debtors of the consolidated estate.

The SCA decided all the issues in favour of the liquidators. Because the defendants, as investors in the scheme, had been given proper notice of the relief claimed in the 2003 proceedings, the orders made were binding upon them; the insolvent estate of the consolidated entities in the scheme was a creditor entitled to claim under s 29 and the investor defendants were its debtors; each of the investors had invested with with an entity afterwards consolidated into the scheme and not with Ms Prinsloo, its guiding mind, personally.

--ends--